

26 SEP 1956

CONFIDENTIAL

256-2178

MEMORANDUM FOR: Deputy Director (Support)

SUBJECT : Cash Shortage in [REDACTED] Account

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1. PROBLEM

To determine whether Mr. [REDACTED] should be held pecuniarily liable or that the unaccounted for funds (\$568.18) should be written off under 1.4 c of Confidential Funds Regulations.

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2. FACTS BEARING ON THE PROBLEM

a. [REDACTED]

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b. During the period February 1952 to January 1953, he operated in the capacity of Administrative Assistant, with responsibility for control and reporting on use of funds, control and use of motor vehicles, control and issuance of supplies, management and use of safe houses, and other administrative duties. Tabs E and F

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c. At the time of his assignment to the project, Mr. [REDACTED] indicated that he did not consider himself qualified to discharge the responsibilities contemplated by his assignment. Tab F

d. Funds were not maintained under the sole control of a responsible custodian but other employees had access to funds and participated in financial transactions. Tab F

e. Exhaustive efforts have been undertaken to discover errors in accounting or missing documentation which would resolve the unexplained loss of funds. Tabs D, E, and F

f. The Audit Staff has audited the accounts of the project and confirmed the amount of the cash difference. Tab C

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g. Reports and recommendations submitted by the Chief, SR Division (Tab E) and Chief, SR [REDACTED] (Tab F) state that there is no evidence to indicate that embezzlement, fraud or willful mishandling of

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Document No. [REDACTED]

No Change in Class. ☐

☐ Declassified

Auth: KR 70-2

Date: 30 NOV 1978

Bv: [REDACTED]

ILLEGIB

15. [REDACTED] Acct 3-2
[REDACTED] [REDACTED]

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funds is involved. Also, report of the Audit Staff (Tab C) does not indicate that funds have been misused.

- b. Action to correct the weaknesses revealed by the Audit Report which contributed to the loss of funds has been accomplished. Tab E

3. DISCUSSION

- a. Information and data presented in this case indicate that an employee not qualified by training or experience was placed in a position wherein he was required to assume responsibility for use and safekeeping of funds.
- b. The employee charged with primary responsibility cannot escape all responsibility in any case wherein control of funds is lost. However, in a case such as this where an employee who asserts his inability to discharge duties to which he is to be assigned subsequently is shown to have been inadequate in the discharge of those duties, it would appear that the officials responsible for his selection, assignment and administrative direction were at least equally, if not more, responsible. In addition, the employee was given multiple assignments which required his absence from the physical location of the cash for which he was accountable. He was not provided with facilities adequate for the control and safe-guarding of such funds. Other personnel were permitted to handle the cash — any one of whom could have taken the money or failed to account for the funds disbursed. Therefore, it is questionable whether Mr. [REDACTED] the custodian, could be held responsible and be required to make up the shortage.

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4. CONCLUSIONS

On the basis of available facts it is concluded that:

- a. An unaccounted for cash difference in the amount of \$568.18 exists in the accounts of project [REDACTED]
- b. Exhaustive efforts have failed to locate and determine the reason for this difference.
- c. There is no evidence to indicate that the unaccounted for balance was the result of embezzlement, fraud or willful mishandling of funds.

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- d. The employee assigned the responsibility for control and safeguarding of funds did not possess the qualifications and was not furnished facilities adequate to maintain control over the funds with which he was charged.
- e. Responsibility for the unaccounted for balance has been charged to one employee. However, other employees had access to funds and participated in cash transactions and may have contributed to the inability of Mr. [REDACTED] to account for all the funds with which he was charged.

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5. RECOMMENDATIONS

In view of the above conclusions, it is recommended that:

- a. [REDACTED] not be held personally pecuniarily liable for the unaccounted for funds.
- b. The amount of the unaccounted for funds (\$568.18) be written off under authority contained in section 1.4 c of the Confidential Funds Regulations.

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[REDACTED]
Chairman, Board of Review
for Shortages and Losses

CONCUR

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*** See Mr. Houston's
memo of 3 Jan 1957
H.G.Y.*

The recommendations in paragraph 5 are approved. * *

(signed) H. Gates Lloyd

JAN 4 1957

Assistant Deputy Director (Support)

RHF/FAG:kdm (17 Jan 56)

Orig. and 1 - C/SSL Bd. 1-Each Bd. Member

2-DD/S 1-PAS

Date

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*11 * See attached memo of 7 Jan - emergency. RHL*